

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Call to Order: By **CHAIRMAN JOHN WITT**, on January 23, 2001 at 8.00 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. John Witt, Chairman (R)
Sen. Ken Miller, Vice Chairman (R)
Rep. Rosalie (Rosie) Buzzas (D)
Sen. Greg Jergeson (D)
Sen. Royal Johnson (R)
Rep. Art Peterson (R)

Members Excused: None.

Members Absent: None.

Staff Present: Amy Carlson, OBPP
Cayenna Johnson, Committee Secretary
Taryn Purdy, Legislative Branch
Jim Standaert, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: None.
Executive Action: Office of Public Instruction
Distribution to Schools
Program, 1/23/01

CONTINUED HEARING FOR OFFICE OF PUBLIC INSTRUCTION FOR DISTRIBUTION TO SCHOOLS PROGRAM

{Tape : 1; Side : A; Approx. Time Counter : 0.6; 8:10 a.m.}

Mr. Jim Standaert, Legislative Fiscal Division, gave the committee the following information comparing Governor Racicot's budget recommendations with Governor Martz's budget recommendations:

EXHIBIT(jeh18a01)

{Tape : 1; Side : A; Approx. Time Counter : 5}

Mr. Kathy Fabiano, Assistant Superintendent, OPI, provided the committee with the following handout entitled, "New School District Bonds Eligible for State Facilities Reimbursement in 2002-2003":

EXHIBIT(jeh18a02)

Ms. Fabiano explained a large concern for OPI is the possible passing of Browning and Kalispell Bonds. Because these districts have a low tax base, OPI is statutorily responsible for providing these districts with bond entitlement payments. The payment to Browning is \$300,000 and the payment to Kalispell could possibly be \$45 million. Entitlement is based on either taxable property value or ANB-whichever value is lower. **SEN. JOHNSON** verified that no matter what the entitlement, school districts only get a pro-rated amount of what the legislature appropriates. **SEN. JERGESON** stated this program addresses a lawsuit about unequal funding for school districts.

{Tape : 1; Side : A; Approx. Time Counter : 12.3}

PROGRAM 09-DISTRIBUTION TO PUBLIC SCHOOLS

Ms. Fabiano continued explaining the remainder of the present law adjustments in Program 09. DP 5-School District Audit Filing Fee is due to payment based on a percentage of school district revenues. As the school revenues increase so too does the payment to the Department of Commerce. DP 9-Biennial Appropriations reflects exactly half of FY00 expenditures. DP 13-School To Work and DP 14-Job Training Partnership Act (JTPA) are both reductions in federal spending authority. DP 15-Federal Grant Awards is a request for authority to spend federal grant money.

{Tape : 1; Side : A; Approx. Time Counter : 16.1; 8:25 a.m.}

Mr. Bob Runkel, Assistant Superintendent, OPI, began by explaining OPI is requesting a biennial increase of \$10.6 million for Special Education. He said an increase in special education will have a direct impact on all students. Right now regular school programs are having to cut their own budgets to pay for the increasing costs of special education. This program was not approved by the Martz Executive Budget. He provided the committee the following handout entitled "Special Education Report to the Fifty-Seventh Montana Legislature":

EXHIBIT(jeh18a03)

{Tape : 1; Side : B; Approx. Time Counter : .3}

Ms. Nancy Coopersmith, Assistant Superintendent, OPI, went over the remaining new proposal decision packages. DP 7 is a request for \$2.5 million in general fund for vocational education that was not approved in either the Racicot Executive Budget or the Martz Executive Budget. New proposals recommended by Governor Martz funded from the general fund are DP 8-Adult Basic Education and DP 22-Teacher Shortage/Teacher Salaries recommendation related to HB 140. DP 16-Comprehensive School Reform, DP 17-Reduce Class Size and DP 19-Advanced Placement Incentive Program are all requests for federal spending authority. In addition, OPI is requesting authority to spend the Federal School Renovation Grant for \$5,428,913. This is only for renovations and cannot be used to build new buildings.

{Tape : 1; Side : B; Approx. Time Counter : 8.8; 8:50 a.m.}

PUBLIC TESTIMONY

Ms. Linda Reed, Q-West, testified in support of appropriating \$5 million for vocational education in an attempt to train skilled workers. The entire state is short of skilled workers. She stated access to skilled workers in a primary consideration for companies looking to relocate. This would help build a strong economy and is essential for retaining a good economy. She added of the 250 technicians working for Q-West, 140 could retire "today". The average salary is \$47,000 per year and it is the type of income that cannot leave the state.

REP. PETERSON asked if Ms. Reed recommends the committee invest money in remedial education in Junior Colleges or in K-12. **Ms. Reed** recommended these programs should be funded in K-12 due to the fact that many of these jobs are not dependent on higher education.

{Tape : 1; Side : B; Approx. Time Counter : 17.8}

Mr. Bob Fusee, CEO, Gateway, an economic development corporation, stated his company has found that not having a trained workforce is difficult to overcome in creating new jobs. **Mr. Fusee** suggested the committee should recommend a "targeted way to spend money" such as upgrading equipment and training teachers; businesses need employees with basic skills training. He also stated he has been working with **Jody Messinger of OPI** on DP 7.

At **REP. BUZZAS'S** request, **Jody Messinger, Division of Career and Technical Education, OPI**, explained that 82% of students graduate from high school, 40% attend a higher education institution, and 19% graduate with a 4-year degree within 5 years of their high school graduation. She continued the School to Work program targets the systemic reformation of schools but does not target funding tools or technical skills needed by students.

CHAIRMAN WITT asked for further explanation. **Mr. Fusee** explained the urgency relating to this \$5 million new proposal has been that within the business community there is much discussion about the need for employees with basic skills. **SEN. MILLER** asked **Mr. Fusee** how this \$5 million dollars would help deal with the lack of training. **Mr. Fusee** replied the system is already in place but that \$715,000 per year funding for the entire state Vo-tech Program is not adequate for the proper training, tools, or hardware to train students.

Ms. Madalyn Quinlan, Chief of Staff, OPI, explained to the committee that when OPI put together its priorities to the OBPP this request was the fourth priority.

{Tape : 2; Side : A; Approx. Time Counter : 3.7}

Ms. Chris Pilcher, Business and Information Technology teacher at Helena High School, testified in support of DP 7 in the following testimony:

EXHIBIT (jeh18a04)

{Tape : 2; Side : A; Approx. Time Counter : 8.2; 9:25 a.m.}

CHAIRMAN WITT asked **Ms. Pilcher** if she would consider using facilities at the Helena College of Technology. **Ms. Pilcher** explained that not only do most schools not have that option, classrooms at Helena College of Technology are full. **SEN. JOHNSON** asked **Ms. Pilcher** if she would recommend funding DP 7 or building a new building for Helena College of Technology. She felt DP 7 was a higher priority.

Mr. Greg Brask, Marketing Manager, spoke in favor of DP 7. He explained that recruitment of baseline skilled workers is the number one issue of his CPA firm. Ohio is spending over \$35 million per year in similar programs in K-12 education. He added this is an opportunity for state government, education and business to work together in a new way. Technical skills should no longer be considered an elective.

REP. PETERSON asked whether he thought it was better to fund K-12 or higher education. **Mr. Brask** responded Montana cannot afford not to fund both. He gave an analogy of a bank transaction: the transaction at the window costs the bank \$1.25; if done over the phone it costs 75 cents; if done at an ATM machine the transaction costs 46 cents; if done over the internet the transaction costs 2.3 cents. He stated any company not working on that scale is simply not competitive.

{Tape : 2; Side : A; Approx. Time Counter : 24}

CHAIRMAN WITT asked **Dr. Messinger** if there is a title where these monies fit into federal funds. She explained that Carl Perkins funds give 65% of these monies to secondary schools with the balance given to higher education. The federal contribution is 13%, the local and general fund contribution is 83%, and 3.4% consists of targeted state funds. **CHAIRMAN WITT** asked **Ms. Fabiano** why they did not make this funding into a bill. She explained they have legislation to change the formula of allocated funds, but requesting greater funds is done in HB 2.

Dr. Bruce Messinger, Superintendent of Helena School District, testified in support of DP 1, increasing the base aid to schools.

REP. PETERSON asked **Dr. Messinger** what percentage of students are enrolled in vocational programs. He explained that one credit of vocational-technical education is required for all Montana students, but schools would like to see higher enrollments. He added that over all, DP 7 addresses the demand for the need of new skills in the workforce.

{Tape : 2; Side : B; Approx. Time Counter : 8}

CHAIRMAN WITT asked if **Superintendent McCulloch** had considered using money from DP 2 toward technical education. She responded she had not.

{Tape : 2; Side : B; Approx. Time Counter : 10.5; 10:20 a.m.}

Mr. Steve McCoy, Director of the Adult Basic Education Program in Pablo, Montana, testified in support of greater funding of adult basic education in Montana. He felt that with a poor economy, many adults have greater need to be retrained. The state of Montana has not increased the line item of adult basic education. He gave the committee the following information entitled, "The Service Gap" and "Self-Identified Needs":

EXHIBIT(jeh18a05) and **EXHIBIT(jeh18a06)**

{Tape : 2; Side : B; Approx. Time Counter : 20.6; 10:30 a.m.}

SEN. JOHNSON complimented Mr. McCoy on his presentation and spoke to him about the lack of action on the part of Tribal Colleges in the 1999 legislative session and not getting money for Tribal Adult Education. Mr. McCoy accepted SEN. JOHNSON'S challenge to change the situation but could not take responsibility for actions of the Tribal Colleges. He represents Adult Educators in Montana. SEN. JERGESON explained to the committee that the program Mr. McCoy represents has no logical connection with the group SEN. JOHNSON referred to.

{Tape : 2; Side : B; Approx. Time Counter : 28.5}

Two testimonies were also presented to the committee from people who were unable to attend today's hearing. These are from Lance L. Melton, Executive Director, Montana School Boards Association, and Sunburst School District #2 and a part of these minutes.

EXHIBIT(jeh18a07) and **EXHIBIT**(jeh18a08)

EXECUTIVE ACTION ON OFFICE OF PUBLIC INSTRUCTION
DISTRIBUTION TO SCHOOLS PROGRAM

{Tape : 3; Side : A; Approx. Time Counter : 0}

PROGRAM 09-DISTRIBUTION TO SCHOOLS: PRESENT LAW ADJUSTMENTS

Mr. Standaert began by explaining Exhibit (1).

Motion/Vote: SEN. JOHNSON moved that DP 1- K-12 BASE AID BE ADOPTED. Motion carried 5-1 with Buzzas voting no.

Motion/Vote: SEN. MILLER moved that DP 2-TIMBER HARVEST/TECHNOLOGY BE ADOPTED. Motion carried unanimously.

Motion: SEN. JERGESON moved that DP 3-SCHOOL FACILITY PAYMENTS CURRENT BE ADOPTED.

Substitute Motion: SEN. MILLER made a substitute motion DP 3-SCHOOL FACILITY PAYMENT REDUCED BY 20% BE ADOPTED.

{Tape : 3; Side : A; Approx. Time Counter : 3.5}

Discussion: SEN. JERGESON stated the effect of his motion would be that it would reduce the district bond allocation. SEN. MILLER explained his intention is that the Emergency Renovation can help with this program. Ms. Amy Carlson, OBPP, explained OPI

would spend all of their funds in FY01 and that DP 3 is actually a reduction from the base year. **Ms. Quinlan** explained that the Emergency Renovation money cannot be used for new construction. DP 3 is for all bonds after July, 1991. There might be some occasion from this point forward for school districts to use Emergency Renovation money rather than issuing bonds. **SEN. JOHNSON** commented that without **SEN. MILLER'S** reduction, DP 3 is still a reduction from the base year. **SEN. JERGESON** stated the effect of this motion will be that schools which have passed bonds in the past will get less money than expected.

Substitute Motion: **SEN. MILLER** made a substitute motion DP 3-SCHOOL FACILITY PAYMENT REDUCED BY 20% OTO BE ADOPTED AS AMENDED. Motion failed 4-2 with Miller and Witt voting aye.

Motion/Vote: **SEN. JERGESON** moved that DP 3-SCHOOL FACILITY PAYMENTS CURRENT BE ADOPTED. Motion carried unanimously.

{Tape : 3; Side : A; Approx. Time Counter : 18.9}

Motion/Vote: **SEN. JOHNSON** moved that DP 4-TRANSPORTATION AID BE ADOPTED. Motion carried unanimously.

Motion/Vote: **REP. PETERSON** moved that DP 5-SCHOOL DISTRICT AUDIT FILING FEE BE ADOPTED. Motion carried unanimously.

Motion/Vote: **REP. BUZZAS** moved that DP 9-BIENNIAL APPROPRIATIONS BE ADOPTED. Motion carried unanimously.

Motion/Vote: **SEN. JOHNSON** moved that DP 13-SCHOOL TO WORK BE ADOPTED. Motion carried unanimously.

Motion/Vote: **REP. PETERSON** moved that DP 14-JOB TRAINING PARTNERSHIP ACT (JTPA) BE ADOPTED. Motion carried unanimously.

Motion/Vote: **SEN. JOHNSON** moved that DP 15-FEDERAL GRANT AWARDS BE ADOPTED. Motion carried unanimously.

Motion/Vote: **SEN. MILLER** moved that DP 23-REDUCTION TO ANTICIPATED DRIVERS' LICENSE REVENUE BE ADOPTED. Motion carried unanimously.

PROGRAM 09-DISTRIBUTION TO SCHOOLS: NEW PROPOSALS

{Tape : 3; Side : A; Approx. Time Counter : 22.6; 11:00 a.m.}

Mr. Standaert explained that the total cost of DP 1 includes two proposals in one-increase in state base aid as well as \$1,000,000

increase in special education with total cost of approximately \$14 million. The proposed 10% increase in state support for special education presented by **Dr. Runkel** is not included in this decision package. **SEN. JERGESON** asked why this was not handled in a bill. **Mr. Standaert** explained the precedent for requesting funds in this way was set in the last session. **Ms. Carlson** commented that from her perspective a 3% increase in state special education, as well as a 3% entitlement increase to K-12 base aid, seemed like a logical grouping for one decision package. **SEN. JERGESON** felt the decision packages should be separate for state base aid and special education.

Motion: **REP. BUZZAS** moved that **INCREASE STATE SUPPORT FOR SPECIAL EDUCATION BY 10% EACH YEAR IN THE BIENNIUM FOR A TOTAL OF \$10.6 MILLION IN THE NEXT BIENNIUM BE ADOPTED.**

Discussion: **SEN. JERGESON** was in support of this motion due to the burdens of special education forcing local mill-levees to increase. **REP. BUZZAS** explained 20 years ago special education was institutionalized in public schools and that public schools have never been adequately been funded for those costs. **Mr. Standaert** added the true cost would be about \$12.5 million with GTB. **REP. BUZZAS** stated this funding is a matter of priorities. **SEN. MILLER** stated federal mandates on education keep rising without proper funding. He worked with **Dr. Runkel** in the last session to get money from the tobacco settlement, but Montana voters decided instead to put the money in a trust fund; therefore, he cannot support this motion. **REP. BUZZAS** reminded him that 40% of the money was put in a trust fund while the remainder was put in the general fund and a 60% tax break was given to big businesses. She stated it is all a matter of priorities.

Motion/Vote: **REP. BUZZAS** moved to **ADOPT INCREASED STATE SUPPORT FOR SPECIAL EDUCATION BY 10% EACH YEAR IN THE BIENNIUM FOR A TOTAL OF \$10.6 MILLION IN THE NEXT BIENNIUM BE ADOPTED.** Motion failed 2-4 with Buzzas and Jergeson voting aye.

{Tape : 3; Side : B; Approx. Time Counter : 7.6}

Motion: **SEN. JERGESON** moved that **3% INCREASE IN STATE SUPPORT FOR SPECIAL EDUCATION BE ADOPTED.**

Discussion: **SEN. JERGESON** said in the spirit of bipartisan compromise the committee should vote for this motion. **SEN. MILLER** stated he could not support it as reductions were not made in other areas. **REP. PETERSON** asked **Ms. Carlson** to explain her rationale in giving a 3% increase of special education in FY03

but no increase in FY02. She explained that in FY2000-FY2001 there was a 6.6% increase in elementary entitlements and a 4.0% increase in secondary entitlements. Therefore, the Governor's Budget Office decided that a 0% increase in entitlements would be adequate for FY02. **SEN. JERGESON** stated that K-12 had no entitlement increases for 8 years and that this puts local taxpayers in a terrible squeeze.

Motion/Vote: **SEN. JERGESON** moved that **3% INCREASE IN STATE SUPPORT FOR SPECIAL EDUCATION BE ADOPTED**. Motion failed 2-4 with Buzzas and Jergeson voting aye.

Motion/Vote: **SEN. JOHNSON** moved that **DP 1-K-12 BASE AID INCREASE BE ADOPTED**. Motion carried unanimously.

{Tape : 3; Side : B; Approx. Time Counter : 14}

Motion/Vote: **SEN. JERGESON** moved that **DP 3-SCHOOL FACILITY PAYMENTS BE ADOPTED**. Motion carried 4-2 with Miller and Witt voting no.

Motion: **SEN. JOHNSON** moved that **DP 8-ADULT BASIC EDUCATION BE ADOPTED**.

Substitute Motion/Vote: **REP. BUZZAS** moved that **DP 8-ADULT BASIC EDUCATION AT GOV. RACICOT'S LEVEL OF \$75,000 PER YEAR IN THE BIENNIUM BE ADOPTED**. Substitute Motion failed 2-4 with Buzzas and Jergeson voting aye.

Motion/Vote: **SEN. JOHNSON** moved **DP 8-ADULT BASIC EDUCATION BE ADOPTED**. Motion carried 5-1 with Miller voting no.

Motion/Vote: **SEN. MILLER** moved that **DP 16-COMPREHENSIVE SCHOOL REFORM BE ADOPTED**. Motion carried unanimously.

Motion: **REP. BUZZAS** moved that **DP 17-REDUCED CLASS SIZE BE ADOPTED**.

Discussion: **SEN. MILLER** stated he is opposed to this motion as the money could be better used and prioritized if the committee had the flexibility.

Motion/Vote: **REP. BUZZAS** moved that **DP 17-REDUCED CLASS SIZE BE ADOPTED**. Motion carried 5-1 with Miller voting no.

Motion/Vote: **SEN. JOHNSON** moved that **DP 19-ADVANCED PLACEMENT INCENTIVE PROGRAM BE ADOPTED**. Motion carried unanimously.

{Tape : 3; Side : B; Approx. Time Counter : 20.3}

Motion: REP. BUZZAS moved that DP 7-\$5 MILLION IN THE BIENNIUM FOR K-12 VO-TECH EDUCATION BE ADOPTED.

Discussion: REP. BUZZAS explained this is one step to support and invest in those companies who are already in Montana. REP. PETERSON felt the money should be invested in 2-year colleges. REP. BUZZAS commented we need money invested in both programs. This proposal would help turn out skilled people into the work force. SEN. JERGESON stated that if education is an ailing patient, it is vital to begin the cure at many levels. SEN. MILLER reminded the committee that Montana has good test scores and cannot believe Montana's school system is "an ailing patient". He suggested teacher salaries might be the sickness. REP. BUZZAS asked why Montana has a hard time providing potential companies employees if they have such a great system. Although preparation for higher education is great, preparation for skilled workers is lacking especially considering most students are choosing not to attend higher education. She added she has been observing education for years and Montana is not doing a good job preparing students who are not interested in higher education.

{Tape : 3; Side : B; Approx. Time Counter : 31.2}

Motion/Vote: REP. BUZZAS moved that DP 7-\$5 MILLION INCREASE IN GENERAL FUND IN THE BIENNIUM FOR K-12 VO-TECH EDUCATION BE ADOPTED. Motion failed 2-4 with Buzzas and Jergeson voting aye.

Motion/Vote: SEN. JOHNSON moved that EMERGENCY SCHOOL RENOVATION BE ADOPTED. Motion carried unanimously.

Motion/Vote: SEN. JOHNSON moved that LANGUAGE RECOMMENDATION ON HB 2 ON PAGE E-26 OF THE LFD BUDGET ANALYSIS BE ADOPTED. Motion carried unanimously.

{Tape : 4; Side : A; Approx. Time Counter : 4.8; 11:47 a.m.}

ADJOURNMENT

Adjournment: 11.45 A.M.

REP. JOHN WITT, Chairman

CAYENNA JOHNSON, Secretary

JW/CJ

EXHIBIT (jeh18aad)